

**THE U.S. VERSUS EUROPEAN TRADEMARK REGISTRATION SYSTEMS:  
Could Either Learn From The Other?**

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The question I was asked to address is whether there are any aspects of the U.S. trademark registration system which might improve the European system.<sup>1</sup> In the opinion of this writer (an American trademark attorney) the answer is perhaps yes with respect to *ex parte* trademark practice, but no with respect to the *inter partes* aspects of the European trademark registration practice.

As a preliminary general observation, and leaving aside the details discussed below, it appears to this writer that a trademark legal system which generally requires ownership of a trademark registration to establish trademark rights is preferable to the U.S. system, where common law trademark, service mark and trade name rights are protectable and can be the basis of oppositions, cancellations and trademark infringement actions to almost the same extent as a registered mark. I believe there is more certainty in the marketplace when registrations are required to establish protectable rights because it is easier to clear a trademark and know with some certainty that your client is safe from a suit for infringement under a system where rights depend on registration. While I believe that common law rights are recognized to some extent in Europe, it is my understanding that those occasions are rare and fairly limited. I cannot see the American system ever changing in this regard, but I believe the European system (and others) are better than the U.S. in this respect because they bring more certainty to the marketplace.

*Ex Parte* Trademark Practice

On the *ex parte* side, the U.S. and European systems are very different; in fact they are almost opposites.

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<sup>1</sup> This paper does not address the national systems of EU members; it compares only the Community Trademark system to the U.S. system.

One very important difference lies in the grounds for refusing registration to a trademark. While some countries conduct searches for a CTM application, they are informational only. It is entirely up to individual entities to monitor and oppose other applications to register. The OHIM does not, in other words, refuse registration on relative grounds or take any steps to safeguard the public from the likelihood of confusion. The only public interest the OHIM protects against is the interest in preventing registration of inherently unprotectable “marks”, *i.e.*, refusal on absolute grounds.

In the United States, the Examining Attorneys refuse registration on absolute grounds as well. In addition, they are required to conduct searches of the U.S. Patent and Trademark Office records upon receipt of an application. All of the trademark Examiners are in fact attorneys at law, and therefore theoretically equipped to make a judgment as to whether marks are confusingly similar (a legal term of art) for their respective goods and services. If, in the opinion of the Examining Attorney, confusion is likely, or even possible, the Examining Attorney will cite the issued registrations and/or pending applications as a bar. Examining Attorneys do this even when they are citing many already coexisting marks which indicate that the U.S. Patent and Trademark Office has previously considered a particular mark weak enough to coexist with the same mark for different goods or services. It sometimes appears that U.S. Examining Attorneys think their job is to prevent registration of trademarks, but the real purpose is to protect the public from confusion.

This difference is interesting in a philosophical way. The European system leaves it to the marketplace to sort itself out, and any entity who sleeps on its rights may be out of luck. The American system appoints the government as the initial gatekeeper in protecting the public from confusion, at the tax payers’ expense.

In this writer’s view, the American system is better because it avoids a cluttered Register wherein many identical marks can coexist for the same goods. Taken in conjunction with our specific identification requirements, when registrations for the same mark do coexist, it is usually

because the mark is weak enough and/or the goods and services are different enough, that an Examining Attorney is persuaded there is no likelihood of confusion.

If the Examining Attorney withdraws the citations after argument by an applicant, there is plenty of opportunity for the marketplace to weigh in. Even during prosecution, before publication, the owner of a cited mark may agree to consent to registration of a mark applied for but refused registration by the Patent and Trademark Office on relative grounds. While theoretically an Examiner need not accept a consent in the interests of guarding the public from confusion, as a practical matter the Examiners accept the view of those in the marketplace. They heed the admonition of the U.S. Court of Appeals for the Federal Circuit (formerly the CCPA) that the Trademark Office should not substitute an assumption that “confusion will occur when those directly concerned say it won’t.” In re E.I. DuPont de Nemours & Co., 476 F.2d 1357, 1363 (C.C.P.A. 1973).

Once the mark is published for opposition, the responsibility to prevent a likelihood of confusion passes to the private sector. There is ample time to oppose when the mark is published, so the private sector still has a great deal of opportunity to act in its own interest, if not the public interest, to prevent registration of confusingly similar marks. Cancellation is also an option on the same grounds upon which a party could have opposed for up to five years after issuance, and even beyond that on limited grounds such as legal functionality or abandonment.

A second difference is that the European system allows for very broad identifications of goods and services, while the U.S. requires often tedious and picayune specificity. A too broad identification often hides what the real goods and services of interest are. On the other hand, a too specific identification in the United States may unduly limit the extra protection a trademark registration adds to common law rights. Something in between the two systems would probably be better than either one is now, in this writer’s view.

The European system would be improved by requiring sufficient specificity that the searching public can ascertain from a registration what the trademark owner’s actual goods and

services are. That would make the results of a trademark search, for example, more meaningful. While the ability to require an opposer to prove use of goods and services in a CTM registration which is the basis of an opposition helps somewhat, and I believe the OHIM can on its own restrict a registration, it might be better to require limitations prior to registration rather than after a registration issues and is engaged in a dispute.

On the other hand, there is no really good reason for the U.S. system to be quite so picky. While we have rigid wording requirements, the Patent and Trademark Office also allows a great deal of personal discretion in individual Examiners, leading to uncertainty and inconsistency, as well as an unduly prolonged examination process in many cases. A bit more flexibility, certainty and/or consistency would improve the U.S. system.

Not only does the U.S. system require an applicant to spend a great deal of time and money on identification issues, but an extremely narrow identification of goods and services discourages use of the Madrid Protocol by American trademark owners because if the home registration is going to be extremely limited, broader coverage can better be obtained through a national registration or a CTM.

The identification requirements in the U.S. also discourage foreign applicants and their attorneys from prosecuting a U.S. application without the assistance of an American attorney. As a private practitioner, I view this as a benefit from the U.S. system, but most likely Europeans do not.

A third area of difference is in the use requirements which are part of the U.S. registration system. A U.S. applicant must file based on actual use or intent to use, and prove use before a registration will issue based on an intent to use application. A foreign intent to use applicant must also prove use before a registration will issue. The constructive first use date for purposes of a priority dispute will be the filing date for an intent to use application once the registration issues, which is another positive aspect of the U.S. system.

A foreign applicant can of course obtain a U.S. registration under Madrid or the Paris Convention without ever making a showing of use in the United States. However, one cannot maintain a U.S. registration without submitting concrete evidence that the mark is in use in commerce between the fifth and sixth year after registration. You cannot simply pay a fee to keep the registration alive in the United States; you must prove use in the United States or in international commerce between the United States and a foreign country.

While I do not believe any CTM is old enough to have been renewed, in the European Union you can keep a registration alive simply by paying a fee without showing use. This will allow marks to remain registered even if they are not in use unless someone petitions to cancel on grounds of non-use. This again places the onus differently. In the U.S., the burden is on the registrant to show use in order to maintain a registration. If the registrant fails to meet that burden -- and a Section 8 Declaration and specimen will be carefully examined by the U.S. Patent and Trademark Office and rejected if found wanting -- the government cancels the registration automatically. In Europe, the burden is again on the private sector to challenge the validity of a registration on grounds of non-use, failing which the registration will remain on the books.

While the European system could add intent to use as a filing basis, that would require other changes, presumably. There is little point in adding intent to use as a basis unless you are then going to require actual use at some point. Therefore, I cannot see that there would be a need to add intent to use to the CTM system unless there are going to be other use requirements throughout the registration system.

Another benefit to the U.S. system is the concept of incontestability, which arises after a registration is five years old. Once the registration is over five years old, it becomes "incontestable" if it is maintained through a showing of continuous use. It cannot be cancelled on grounds of prior use of a confusingly similar mark or on grounds that the mark is merely descriptive. While it can still be challenged on grounds of functionality, fraud, abandonment or

that the mark is generic, this is a useful way to “quiet title” and avoid disputes after a registration is five years old. Again, this adds to marketplace security and certainty.

These aspects of the *ex parte* U.S. system, in the writer’s view, are better than the European system. There is simply more information and more certainty in the U.S. system. In addition, it is nice to have the government doing a search and fighting your battles for you in the first instance. However, the benefit is in part due to the relative refusal grounds difference. In the U.S., where the Examining Attorneys do a search and cite relative grounds, cancellation of non-used registrations is highly desirable because it removes false bars to registration. But since other marks are not cited in Europe, there is less impact. When we do a search, and find a cancelled or expired registration, we assume the mark is not in use. In Europe, however, where a registration lives without use unless it is challenged, further investigation is necessary, not only to see if the mark is in use, but also to see what the actual goods or services are.

#### *Inter Partes* Trademark Practice

There are some aspects of the U.S. and European *inter partes* registration systems which are similar and comparable. Both systems have an opportunity for settlement built into the procedure, for example. In Europe it is the cooling off period following the filing of the Notice of Opposition. My understanding is that if a case is resolved during the cooling off period, costs and fees are not awarded. Placing the cooling off period after the Notice of Opposition has been filed, however, does put an opposer to the task of actually filing the opposition before exploring settlement, although of course prior correspondence is always a possibility.

The U.S. equivalent of the cooling off period is our still liberal ability to get extensions of time to oppose. Even after our rules were “tightened up”, one can still obtain up to 180 days (six months) from publication to file the Notice of Opposition.

One advantage to the European system in this writer’s view is the basis for opposing. In general, I believe that in the European system the opposer must own a registration, be it a CTM

or a national registration. I understand there are some limited exceptions for common law rights if they are recognized in a country which is a member of the European Union. In the U.S., however, an opposer can rely on almost any type of use in filing an opposition. Since this can include fairly obscure common law rights, an applicant may be broadsided for the first time at the opposition point in his application. A common law opposer will, on the other hand, have to do a lot more to prove his rights than the owner of a registration would.

A major difference in the two *inter partes* systems is the availability of discovery in the United States. While the concept of discovery in general is a good one in litigation in that it prevents surprise at trial and may lead to earlier settlement of cases, in a trademark registration procedure there is little genuine need for discovery. The issue is whether the mark in the opposed application is registrable for the goods or services in that application. Technically, therefore, there should be no need for any discovery at all with respect to the applicant's mark and goods. If an opposer owns a registration, its rights will largely be set forth in that registration. Any facts which do need to be "discovered" could be pursued without discovery depositions, through more limited written discovery requests. We could streamline and curtail the discovery process to avoid all the needless expense and waste American litigants engage in before the Trademark Trial and Appeal Board in answering and objecting to, and not answering, discovery, and then fighting about it with motions to compel, etc.

Another difference is the form the evidence takes. In this writer's view, in a trademark registration proceeding, all the evidence which is necessary for the case to be decided can be put in through declarations, affidavits, or even more informal statements and evidence rather than live, expensive testimony depositions. While the U.S. system does have a provision for summary judgment and also limited use of written questions and notices of reliance and the like, the whole process can get out of hand and become almost as expensive as court litigation. Since the only issue at stake is registration of a trademark, not use, there could be a significant reduction in costs by adopting the European system of submitting evidence.

A compromise like the Canadian system, where an affiant can be cross-examined, is a possibility.

The U.S. system also leads to lengthy proceedings and a great deal of delay in getting a decision. This is another disadvantage. Because trademarks are so important to businesses, speedy resolution is highly desirable.

Another quite important difference is the award of costs to the prevailing party in Europe. In the U.S., the Trademark Trial and Appeal Board has no power to award any costs. Attorneys fees even in court infringement litigation are very difficult to recover, and possible only in an “exceptional case.” The prospect of having to pay costs might discourage abusive or frivolous oppositions and also bad faith applications filed for blackmail purposes.

The legal community in the United States has been able to adapt to ICANN proceedings, which do not allow discovery and do not generally require affidavits and declarations. In my view, anyway, a Panelist in an ICANN proceeding has all the evidence he/she needs in order to decide a domain name dispute. While this would not be acceptable in a court infringement litigation where the right to use is at stake, it does illustrate that American attorneys can manage to participate in domain name disputes without discovery and live testimony.

The complexity and expense of the U.S. *inter partes* registration proceedings is particularly bothersome because the final decision of the Trademark Trial and Appeal Board or its reviewing court, the U.S. Court of Appeals for the Federal Circuit, is not binding in a subsequent infringement action in court. The registration decision is only entitled to “deference.” The litigants start over with respect to discovery and proving their case, including repeating the discovery already taken and proving their case from the outset all over again. It therefore makes sense that if the registration decision is going to have so little effect in court, and require duplication of effort at basically every stage, it would be acceptable to cut down on the discovery and evidentiary aspects of the current U.S. *inter partes* registration system.

In sum, both systems could benefit from importing features from the other. While I think the *ex parte* system is better in the United States, the European opposition procedure is much better for trademark owners and litigants with respect to speed, expense and procedure.